



ACHIEVING EXCELLENCE IN PROCUREMENT

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AT&T Network Supplier
Management

AT&T: Who We Are

- **World's premier communications and information services company**
 - ▮ **Serving more than 90 million consumer, business and government customers.**
 - ▮ **Annual revenues of more than \$52 billion**
 - ▮ **More than 130,000 employees.**
 - ▮ **World's largest, most sophisticated communications network**
 - ▮ **Leading provider of long-distance and wireless services.**
 - ▮ **Operates in more than 200 countries and territories around the world.**
 - ▮ **Offers online services and access to home entertainment, and local telephone service.**
 - ▮ **Offers outsourcing, consulting, systems-integration and customer-care services to large businesses**
 - ▮ **Manages one of the world's largest credit card programs.**



AT&T Supplier Management: Who We Are

Our Mission

Create economic leverage and competitive advantage by negotiating as one AT&T, increasing the use of competition and focusing on total cost of ownership

Area Supplier Management: How We Operate

Supply Teams

- ⦿ Administrative Supplies
- ▢ Building Infrastructure
- ▢ Business/Professional Services
- ▢ Information Technology
- ▢ Marketing Services
- ▢ Network Facilities
- ▢ Transportation
- ▢ Travel Services



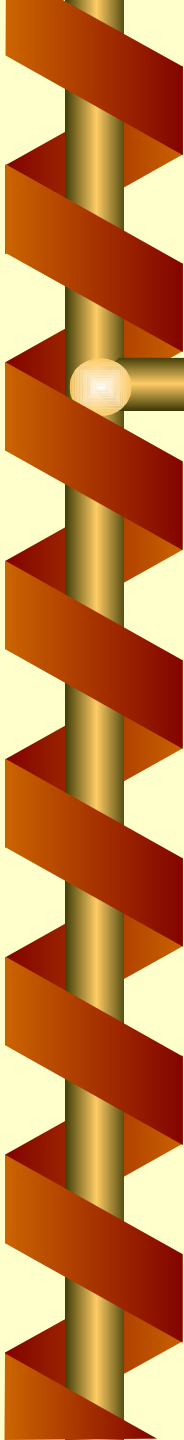
Intranet Job Aids

- ⊗ Contracting Manual
- ▮ Supplier Management Instructions (SMI's)
- ▮ International Purchasing Manual
- ▮ Cost Analysis
- ▮ Supplier Management Business Realization Process
- ▮ SOTP (Supplier Order To Pay)
- ▮ Benchmarking
- ▮ Supplier Communications Checklist



Professional Development

Professional development is intended to ensure that all SMD associates maintain and demonstrate professional knowledge and skills required to achieve performance excellence, obtain business results, and realize personal career goals.

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- ◆ Assess Development Needs
 - Skills/Knowledge/Behavior Gap Analysis
 - ◆ Document Developmental Action Plans
 - ◆ Follow Up and Review
 - ◆ Appraise End of Year Performance

Professional Development Process



Development Programs & Activities

☼ Training & Education

- Procurement Excellence Program
- SMD Accelerated Development Program

▢ Professional Certification

- C.P.M. and A.P.P.

▢ Professional Association Membership

▢ Employee Business Group Membership



Development Programs & Activities

- ☼ Career Progression Plan
 - ▢ Career Planning
 - ▢ Promotability Guidelines
 - ▢ Mentoring
 - ▢ College Recruiting



Professional Development Documentation

- ⦿ Professional Development SMI
 - ▮ Professional Development Guidelines
 - ▮ Career Planning Guidelines
 - ▮ Performance Management M&Ps
 - ▮ Professional Association Membership SMI
 - ▮ Procurement Technical Career Plan Guide
 - ▮ AT&T School of Business & Technology (A.S.B.T.) & National Association of Purchasing Managers (N.A.P.M.) Education Catalogues



Professional Development Tools

- ⊗ Behavioral Assessment Tool
- ▢ Multi-Source Feedback Instrument
- ▢ Performance Appraisal Summary Form
- ▢ Development Action Plan Form
- ▢ Career Development Plan Form

*Note: Under-development

Skills & Knowledge

SKILLS

- ⦿ Basic SM/Procurement
- ▮ Financial Analysis
- ▮ Internal Business Knowledge
- ▮ Strategic Sourcing and Relationship Management
- ▮ Monitoring & Improvement
 - Report Cards, Metrics, SVA
- ⦿ Diversity
- ▮ TCO
- ▮ Supplier Relationship Management

Industry Knowledge

- ⦿ Market Leaders
- ▮ Competitive Analysis
- ▮ Market Trends, Growth, & Change
- ▮ Benchmarks/Best Practices
- ▮ Unit Price Performance



PROFESSIONALISM

KEY OBJECTIVES:

- ❁ **SMD DEFINES AND OVERSEES A COHESIVE, END-TO-END SUPPLIER MANAGEMENT PROCESS (STRATEGY THROUGH CONTRACT THROUGH ORDER/PAYMENT AND MONITORING/IMPROVEMENT)**
- ▮ **SMD OPERATES AS A COMMUNITY OF KNOWLEDGE WORKERS (INCLUDING KNOWLEDGE IN BUSINESS, INDUSTRY AND PROCESS AREAS) ADEPT AT INTRODUCING INNOVATIVE SOLUTIONS**
- ▮ **SMD OPERATES AS A “LEARNING ORGANIZATION” WHERE ALL ASSOCIATES ARE BOTH TEACHERS AND STUDENTS (TO EACH OTHER AND TO PARTNERS)**



PROFESSIONALISM (CONT'D)

KEY OBJECTIVES (CONT'D):

- ▮ **AN ENVIRONMENT EXISTS WHICH ENCOURAGES AND PROMOTES **CONTINUOUS PROFESSIONAL DEVELOPMENT****
- ▮ **DIVERSITY IS VALUED, ENCOURAGED AND SUPPORTED**
- ▮ **A **PROCESS-CENTRIC** ENVIRONMENT EXISTS WHICH IS “**BUREAUCRACY-FREE**” AND ENSURES CONSISTENT QUALITY IN ALL ASPECTS OF PERFORMANCE**

PROFESSIONALISM (CONT'D)

HOW WE'LL MEET THE OBJECTIVES:

- ⦿ **DEFINING PROFESSIONAL ROLES BY WORK CONTENT, NOT BY LEVEL OR ORGANIZATIONAL STRUCTURE**
- ▮ **SMD ASSOCIATES CONSISTENTLY DEMONSTRATE COMMON BOND VALUES IN ALL INTERACTIONS**
- ▮ **ASSOCIATES PARTICIPATE, AS NECESSARY (AND AS DEFINED IN DEVELOPMENTAL PLANS) IN: INDUSTRY ASSOCIATIONS, BUSINESS FORUMS, SUPPLIER SYMPOSIUMS, ETC. TO ASSURE KNOWLEDGE INCREASES IN CRITICAL AREAS**
- ▮ **SMD ASSOCIATES PARTICIPATE AS TEACHERS AND STUDENTS IN FORMAL AND INFORMAL INFORMATION-SHARING FORUMS**



PROFESSIONALISM (CONT'D)

HOW WE'LL MEET THE OBJECTIVES (CONT'D):

- ▮ ASSOCIATES PARTICIPATE, AS NECESSARY, IN ALL FORMS OF **PARTNER TRAINING** (E.G. VENDOR MANAGEMENT CURRICULUM, INCLUDING WRITING SCOPE OF WORK AND CONTRACT ADMINISTRATION)
- ▮ PERFORMANCE MANAGEMENT; CAREER DEVELOPMENT AND PROFESSIONAL PROGRESSION PLANS EXIST WHICH **FOSTER CONTINUOUS GROWTH AND INDIVIDUAL OPPORTUNITY**
- ▮ A **CORE CURRICULUM** EXISTS TO PROVIDE FOUNDATIONAL SUPPLIER MANAGEMENT SKILLS TO ALL ASSOCIATES
- ▮ **ASSOCIATES WITH DIVERSE BACKGROUNDS FROM OUTSIDE THE ORGANIZATION ARE RECRUITED IN TO ADD COMPLEMENTARY SKILLS**



Overall Benefit to AT&T

- ☼ Lower Total Cost of Ownership
 - ▮ Significant Savings Contributions
 - ▮ Management of very complex supplier relationships to optimize revenue
 - ▮ Use of technology to optimize efficiency and reduce administrative costs



What's the Net ?

SMD Creates a
Competitive Advantage

AT&T Supplier Management Evolution

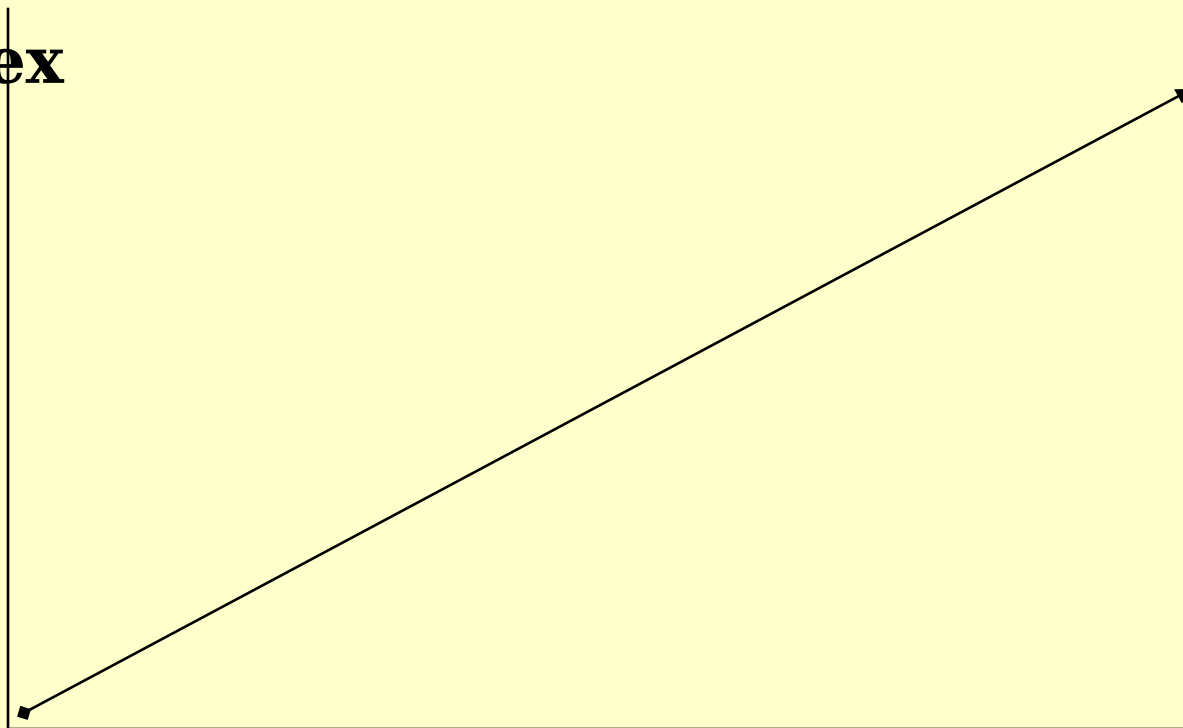
Complex

Simple

1996 1997 1998 1999 2000 2001 2002

Tactical/Transactional

Strategic





CPP Related Tools

SMD S: Drive; HR Folder; Professional Development Processes

- ▮ **SMD Career Planning Guidelines**
- ▮ **SMD Professional Development Guidelines**
- ▮ **SMD Professional & Career Development Tools**
- ▮ **AT&T Performance Management M&Ps**

HR Employee Services Website/Managing Your Career

- ▮ **Talent Capability Management (Leadership Strategy, Key Developmental Experiences)**
- ▮ **Professional Profile System**